

Message Text

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C O N F I D E N T I A L LAGOS 0985

E.O. 11652: GDS
TAGS: PFOR, BDIS, ENRG, AO, US, NI
SUBJECT: GULF TALKS WITH MPLA & FMG ABOUT CABINDA

REF: STATE 5464, LAGOS 374

1. GULF MANAGING DIRECTOR JIM HUITT, SO CAUTIOUS THAT OUR ONLY MEETING THESE DAYS TAKE PLACE BETWEEN INNINGS OF WEEKEND SOFTBALL GAMES, HAS GIVEN ME FOLLOWING ACCOUNT OF THREE-DAY DISCUSSIONS IN LAGOS JANUARY 21-23 BETWEEN GULF TEAM FROM LONDON AND PITTSBURG. MPLA REPRESENTATIVES FROM LUANDA, AND FMG. GULF SIDE HEADED BY MEL HALL AND HERBERT E. HANSEN; MPLA TEAM HEAD BY MPOYO FIRST DAY BUT HE GAVE WAY FOR REMAINDER OF TALKS TO MAJOR CONSTANTINO TEIXEIRA (COMMISSIONER OF NATIONAL SECURITY AND PUBLIC ORDER).

2. FIRST DAY'S TALKS HAD COMIC OPERA OVERTONES. NIGERIAN TECHNICIANS AND MILITARY REPRESENTATIVES FROM SUPREME MILITARY COUNCIL WERE SUMMONED AT 11TH HOUR HAD RECEIVED NO BRIEFINGS, AND NEVER SEEMED TO KNOW WHY THEY WERE THERE. ARMED FORCES COMMANDER OBSANJO WAS VERY MUCH IN CHARGE ON NIGERIAN SIDE, HOWEVER, HANDLING ALL IMPORTANT MATTERS VIRTUALLY BY HIMSELF ALTHOUGH ABLY ASSISTED BY YAYA ABUBAKAR, PERMSEC OF THE POLITICAL DEPARTMENT OF THE CABINET OFFICE AND POLITICAL ADVISER TO THE SUPREME MILITARY COUNCIL. NIGERIAN MILITARY AIRCRAFT THAT WAS SENT TO LUANDA TO COLLECT MPLA NEGOTIATORS FOR MONDAY'S MEETING ARRIVED IN LAGOS WITH THE WRONG PASSENGERS AND HAD TO GO BACK AND TRY AGAIN. MPOYO HANDLED THE FIRST DAY FOR ANGOLAN SIDE, DEVOTING MOST OF IT TO INTERMEDIATE ATTACKS ON SECRETARY KISSINGER AND US ANGOLAN POLICY. HE TOOK PAINS TO PRESS GULF TEAM TO AGREE RELEASE TO MPLA 70 PERCENT

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OF ITS CABINDA CONCESSION, WITH REVENUES FROM REMAINING 30 PERCENT

OF THE OPERATION TO BE EARMARKED FOR DEVELOPING THE OTHER 70 PERCENT.
THERE WERE UNDERCURRENTS OF SIZEABLE CUT FOR MPOYO.

3. DISCUSSIONS TOOK A DISTINCT TURN FOR THE BETTER ON THE SECOND DAY WITH MPOYO DEFERRING TO TEIXEIRA, WHO WAS SOFT-SPOKEN, PLEASANT AND WELL INFORMED. QUESTION OF CUTTING UP CABINDA CONCESSION DID NOT ARISE AGAIN, WHICH ENCOURAGES GULF TEAM TO CONSIDER MPOYO AS WHEELER/DEALER RATHER THAN AS CREDIBLE NEGOTIATOR.

4. OBASANJO TOLD GULF THAT \$100 MILLION NOW IN ESCROW SHOULD BE TRANSFERRED TO SAFE-HOLDING BY NIGERIAN FMG. THESE MONIES WOULD BE RETURNED TO ANGOLAN HANDS ONLY WHEN OAU AND UN HAD RECOGNIZED AND ADMITTED A NEW GOVERNMENT FOR ANGOLA. WUGULF TEAM HAD BEEN PREPARED TO SUGGEST THESE CONDITIONS THEMSELVES. THEY WERE RELIEVED THAT OBASANJO BROUGHT THEM UP ON HIS OWN INITIATIVE. HUITT STRONGLY BELIEVES THAT IT IS IN GULF'S BEST INTEREST TO ACCEPT THE NIGERIAN DEMANDS, AND HE PREDICTS THAT GULF BOARD OF DIRECTORS WILL COME TO THE SAME CONCLUSION WHEN IT MEETS ON THIS QUESTION FEBRUARY 10.

5. OBASANJO REHEARSED WITH GULF TEAM THE NOW FAMILIAR FMG CONTENTION THAT STATE DEPARTMENT POLICY HAS BEEN DOMINATED BY A PHOBIA ABOUT COMMIST INFLUENCE IN ANGOLA. HE TOLD HUITT "TO GET WORD TO WASHINGTON" THAT ESPECIALLY IN VIEW OF FMG AND OTHER ASSISTANCE BEING RENDERED MPLA, MPLA WOULD IN DUE COURSE BE ABLE TO PUT TOGETHER A UNIFIED NATIONAL ARMED FORCE AND DISPENSE WITH MAJOR ELEMENTS OF SOVIET/CUBAN MILITARY AID PROGRAM.

6. I ASKED HUITT WHETHER GULF ENVISAGED ANY LOCAL QUID PRO QUO FROM FMG IN EVENT GULF WAS AUTHORIZED TRANSFER ESCROW FUNDS TO NIGERIAN HANDS. HE REPLIED THAT OBASANJO HAD ASKED WHETHER GULF WANTED TO INCREASE ITS NIGERIAN PRODUCTION; HUITT HAD RESPONDED "WE SURE DO".

7. HUITT SAID THAT CURRENT GULF CABINDA OPERATIONS LIMITED TO TOPPING PLANT AND ENOUGH GAS PRODUCTION TO SERVE CABINDA CITY. HE HAD ANTICIPATED FMG OR MPLA REPRESENTATIVES WOULD PUSH GULF TO RESTORE NORMAL FULL PRODUCTION. HE WAS SURPRISED THEY DID NOT.

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8. COMMENT: THIS ALL SEEMS TO US LIKE A PRETTY SMALL RESULT FOR THREE DAYS OF TALKS. HUITT IS ALWAYS CLOSED-MOUTH, EVEN ON THE BALL FIELD. DEPARTMENT MAY BE ABLE OBTAIN ADDITIONAL INFORMATION FROM HALL AND HANSEN, WHO HUITT THOUGHT MIGHT ALREADY HAVE CONTACTED DEPARTMENT TO REPORT ON RESULTS OF LAGOS DISCUSSIONS.
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